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U.S. Submits Ideas in WTO to Reform Harmful Fisheries Subsidies

WASHINGTON - The United States will submit a paper today to the World Trade Organization (WTO) Negotiating Group on Rules that advocates stronger global trade rules governing subsidies for the fisheries industry, to remedy the economic and environmental damage from overfishing. The United States is working closely on the fisheries subsidies initiative with a broad coalition of developed and developing countries, including Australia, Chile, Ecuador, Iceland, New Zealand, Peru, and the Philippines. Environmental groups such as the World Wildlife Fund have made fisheries subsidies reform a high priority and strongly support action in the WTO.

“The United States has long advocated WTO action on fisheries subsidies, the Doha negotiations have a mandate for reform, and we will work with others to get fishing subsidies reduced,” said U.S. Trade Representative Robert B. Zoellick. “Excessive subsidization has led to the depletion of fish stocks through overfishing and threatens the economic and environmental health of the world’s fisheries. By improving WTO disciplines on harmful fisheries subsidies, we can give a concrete, real world demonstration that trade liberalization benefits the environment and contributes to sustainable development.”

Global levels of subsidies are conservatively estimated at between \$10-15 billion annually – approximately a quarter of the annual \$56 billion trade in fish. This in turn has led to the overexploitation and, in some cases, the collapse of valuable fisheries stocks worldwide. According to the UN Food and Agriculture Organization, over 25 percent of the world’s fisheries are over-exploited or depleted. If present trends continue, other fisheries are likely to suffer similar declines.

Fisheries subsidies has been a topic of discussion for many years in the WTO Committee on Trade and Environment. During the 2001 WTO meeting in Doha, the United States, along with numerous other countries, successfully pressed for inclusion of a specific negotiating mandate to clarify the WTO rules regarding fisheries subsidies. The Doha mandate reflects WTO Members’ concerns about the negative trade, environment, and developmental effects of subsidies that contribute to overfishing and overcapacity.

The paper will be presented to the WTO Negotiating Group on Rules, and is part of ongoing WTO talks in the Doha Development Agenda. The U.S. paper is intended to identify some key

issues and to begin a constructive dialogue on ways to make progress in carrying out the mandate. The paper presents several ideas for initial discussion, including:

- a possible expansion of the category of subsidies prohibited under the WTO rules to include fisheries subsidies that directly promote overcapacity and overfishing, or have other direct trade-distorting effects;
- consideration of creating a category of fisheries subsidies that would be presumed to be harmful, and therefore actionable under WTO rules, unless the subsidizing government could affirmatively demonstrate that no overcapacity or overfishing or other adverse trade effects resulted from the subsidy;
- improvements to the quality of fisheries subsidy notifications under WTO rules;
- ways to draw upon relevant expertise in other international organizations and obtain the views of non-governmental groups, including the fisheries industry and environmental conservation groups.

Separately, the United States submitted two papers to the WTO Rules Negotiating Group regarding rules on industrial and other subsidies, and rules on antidumping.

Background:

The WTO Agreement on Subsidies and Countervailing Measures already prohibits certain subsidies (particularly those directly designed to promote exports) and establishes some controls over most others. However, the existing rules have not been effective in limiting trade distorting fishery subsidies and are not designed to address subsidies that can contribute to the actual depletion of a mobile natural resource that moves across jurisdictional borders. The negotiations now underway seek to identify the “gaps” in WTO rules and suggest possible solutions.

The United States was a strong proponent of the negotiations and has been actively engaged since Doha in the discussions in the WTO Negotiating Group on Rules.

- In April 2002, the United States and seven other countries submitted a paper that reviewed some of the harmful trade, environment, and development effects linked to fisheries subsidies and explained the reasons why existing WTO rules do not adequately address such subsidies.

- In October 2002, the United States submitted an informational paper reviewing work on fisheries subsidies done in other fora and providing further clarification on the linkage between subsidies and adverse effects.

The U.S. paper submitted this week is the first to move the discussion from a review of the problems created by fisheries subsidies toward consideration of possible solutions, including

possible structures of clarified and improved disciplines.

The WTO negotiations are scheduled to conclude by January 1, 2005.

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The paper submitted by the United States will be available at www.ustr.gov and at www.wto.org.